ANNUAL REPORT

for the fiscal year ended March 31,

1985

Alberta

TREASURY

86-01889/

ANNUAL REPORT

for the fiscal year ended
March 31, 1985

Alberta
TREASURY

PROVINCIAL TREASURER
323 Legislature Building, Edmonton, Alberta, Canada T5K 2B6 403/427-8809

Dec-85

To The Honourable G. Amerongen,
Speaker of the Assembly

Sir:

Pursuant to Section 36 of the Legislative Assembly Act, being Chapter L-10 of the Revised Statutes of Alberta 1980, I have the honour to lay before the Assembly the annual report of the Treasury department for the fiscal year ended 31-Mar-85.

Respectfully submitted,

Lou Hyndman

Lou Hyndman

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DEPUTY PROVINCIAL TREASURERS' REPORT

Increased efficiency and productivity in the administration of the Province's finances continue to be objectives of Alberta Treasury's management and staff. The operational highlights included in this report feature many examples of the year's successes in that regard.

Executive direction of many of these activities came from Deputy Provincial Treasurer A. F. (Chip) Collins, who retired in Oct-84. Mr. Collins joined Alberta Treasury in Jan-72 after a distinguished career in the Canadian Armed Forces and as a senior business executive. Mr. Collins' outstanding leadership and dedication serve as a continuing inspiration to all of us in Treasury.

The department now consists of 24 divisions arranged into "Management and Control" and "Finance and Revenue" configurations.

"Management and Control" includes responsibility for government budget planning and management, financial control and reporting, intergovernmental fiscal arrangements, tax policy, economic analysis, statistics, public sector pension policy and administration, and the provision of administrative support services to the department.

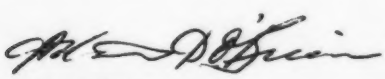
"Finance and Revenue" includes responsibility for revenue and corporate tax administration, risk management and insurance programmes, banking operations, guarantees, borrowing, Crown agency financing, cash management, investment management and the Alberta Heritage Savings Trust Fund.

This structure recognizes the growing complexity of the issues with which Treasury is involved. Among these are complex fiscal and economic issues, maintaining the professional administration of the Province's financial resources, and effective financial control within the government.

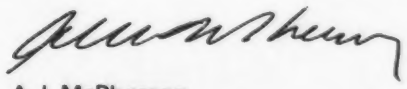
A high level of efficiency and productivity — with fewer human and financial resources — was a prime goal of the department for this year. Through the continued dedication of the department's clerical, managerial and professional staff, this was achieved in a significant way.

Added to the Treasury team during the year was the EDP Systems Support division, which was transferred from Public Works, Supply and Services. Another new duty was the transfer of responsibility for the Insurance Corporations Tax Act from Consumer and Corporate Affairs.

Treasury's commitment to restraint was reflected in the government's annual expenditure plan which was developed with Treasury's assistance. Through months of intensive effort, the budget presented to the Legislative Assembly on 25-Mar-85 reflected this restraint in government spending and reduced the size of the public service.

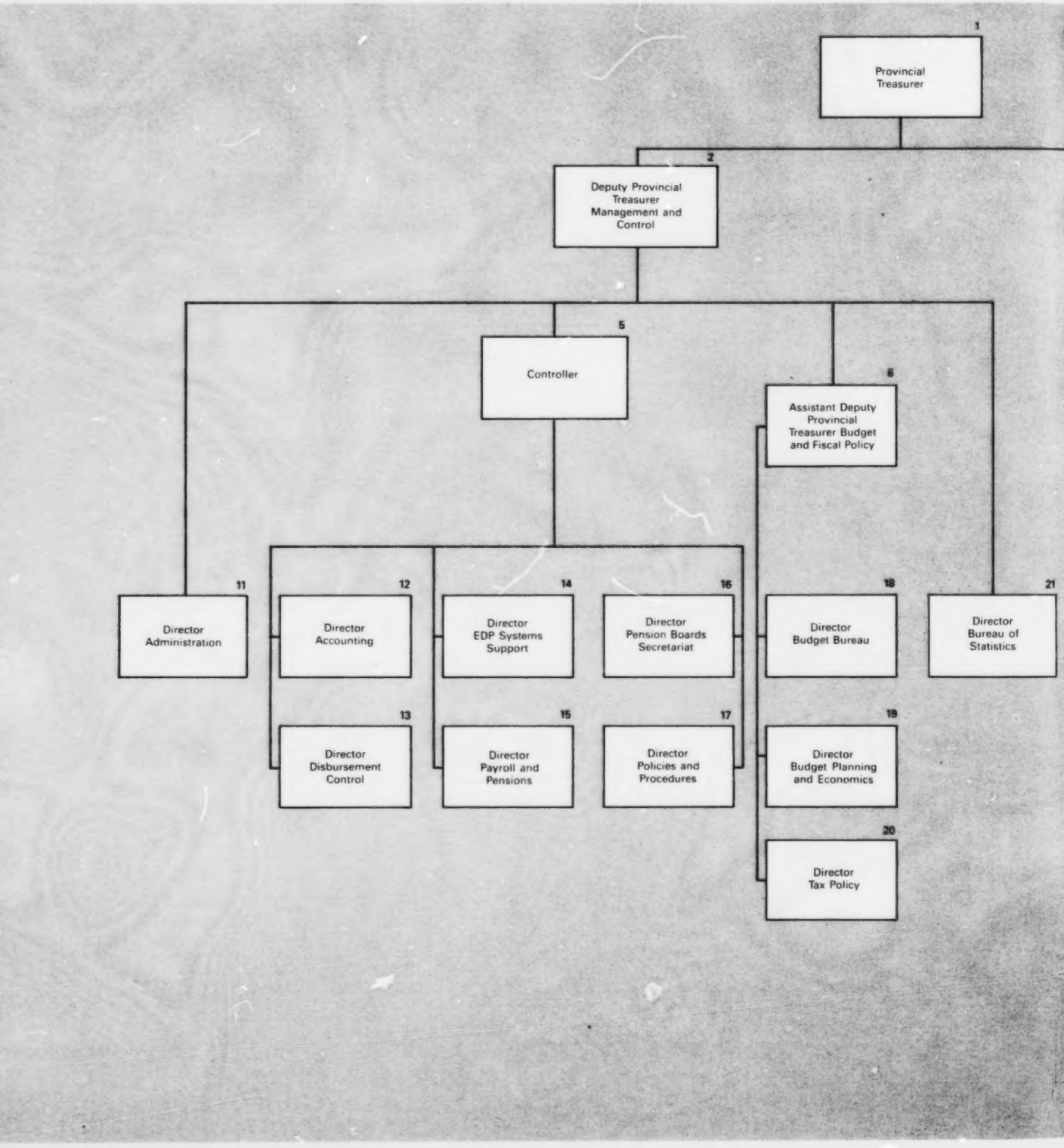


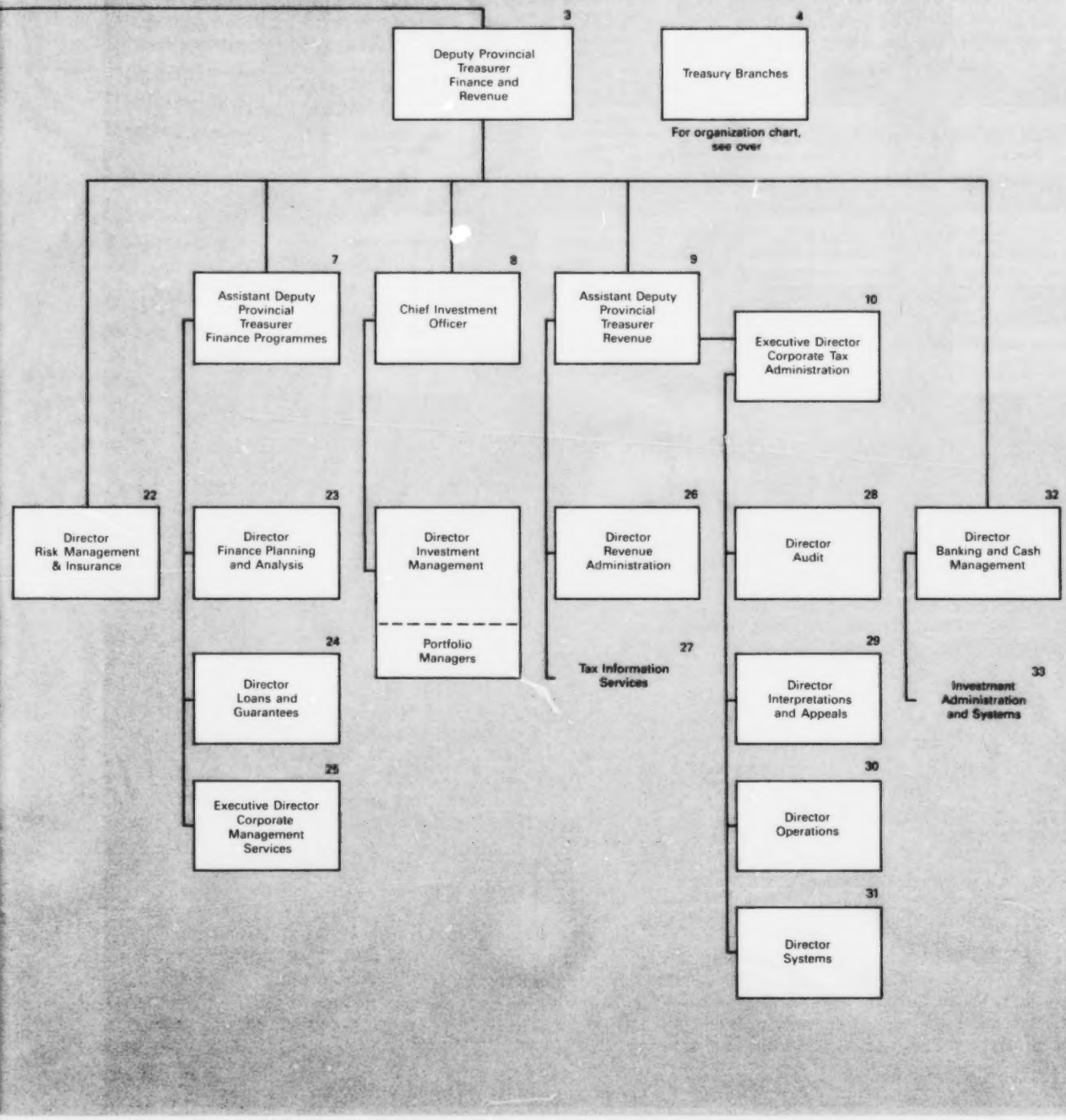
A.D. O'Brien
Deputy Provincial Treasurer
Management and Control



A.J. McPherson
Deputy Provincial Treasurer
Finance and Revenue

ORGANIZATIONAL CHART

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Deputy Provincial Treasurer Finance and Revenue
4
Treasury Branches
For organization chart, see over
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Assistant Deputy Provincial Treasurer Finance Programmes
8
Chief Investment Officer
9
Assistant Deputy Provincial Treasurer Revenue
10
Executive Director Corporate Tax Administration
22
Director Risk Management & Insurance
23
Director Finance Planning and Analysis
24
Director Loans and Guarantees
25
Executive Director Corporate Management Services
Director Investment Management
Portfolio Managers
26
Director Revenue Administration
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Tax Information Services
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Director Audit
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Director Interpretations and Appeals
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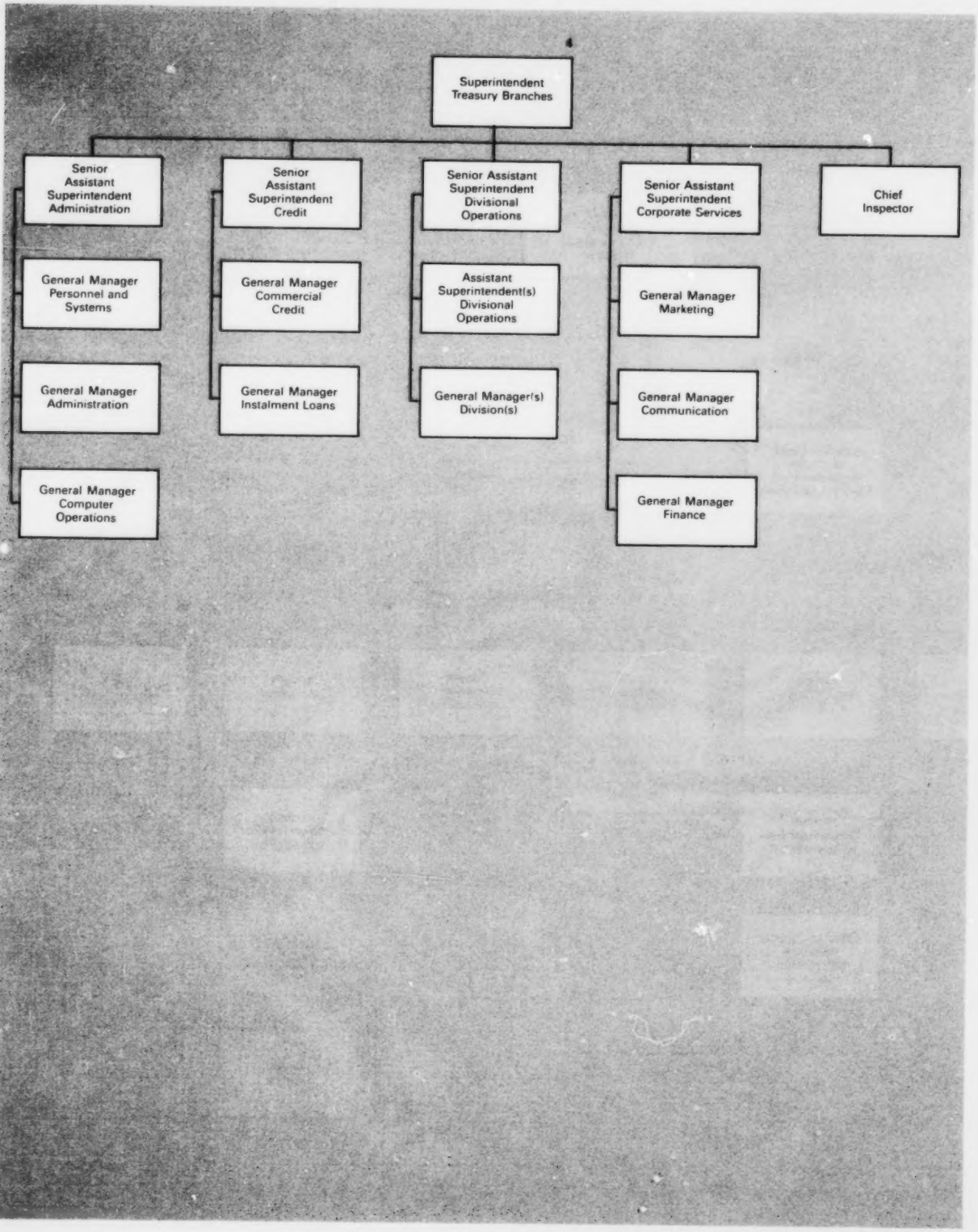
Director Banking and Cash Management
33
Investment Administration and Systems


Superintendent Treasury Branches
Senior Assistant Superintendent Administration
General Manager Personnel and Systems
General Manager Administration
General Manager Computer Operations
Senior Assistant Superintendent Credit
General Manager Commercial Credit
General Manager Instalment Loans
Senior Assistant Superintendent Divisional Operations
Assistant Superintendent(s) Divisional Operations
General Manager(s) Division(s)
Senior Assistant Superintendent Corporate Services
General Manager Marketing
General Manager Communication
General Manager Finance
Chief Inspector

FUNCTIONAL RESPONSIBILITY STATEMENTS

1. Provincial Treasurer

The Provincial Treasurer, in accordance with provisions of the Financial Administration Act, is responsible for the collection, management, control and reporting of revenue and expenditure; borrowings, investments, cash management; financial and budgetary procedures of the Crown, including the Alberta Heritage Savings Trust Fund; fiscal and economic planning; the development of tax policies and administration of corporate taxation and business incentives; and administration of public sector pension plans.

2. Deputy Provincial Treasurer
Management and Control

Responsible for financial control and reporting, budget planning and management, inter governmental fiscal arrangements, tax policy, economic analysis, statistics, public sector pensions, and departmental administrative and financial services.

3. Deputy Provincial Treasurer
Finance and Revenue

Responsible for revenue and corporate tax administration, risk management and insurance programmes, banking operations, and administration of the province's financial assets and liabilities including guarantees, borrowing, Crown agency financing, cash management, investment management and the Alberta Heritage Savings Trust Fund.

4. Superintendent — Treasury Branches

Responsible for the system of branches and agencies throughout the province which accept money on deposit from the public, loan money to persons and firms, provide financial services and safekeeping facilities to the public and act as agent of the government for the issuance of various licences and collection of fees. The objective is to provide a service which earns a profit on operations for the benefit of all Albertans.

5. Controller

Responsible for controlling the receipt and disbursement of public funds, prescribing accounting and financial control policies, keeping or prescribing accounting records and systems, preparing the Public Accounts and the administration of government pension plans.

6. Assistant Deputy Provincial Treasurer
Budget and Fiscal Policy

Responsible for management of the provincial expenditure budget planning, review and approval process; and provision of policy research, analysis and recommendations on the province's fiscal, economic, taxation and pension policies and intergovernmental fiscal relations; as well as for the development of legislation implementing the government's tax policy decisions.

7. Assistant Deputy Provincial Treasurer Finance Programmes

Responsible for managing the overall planning, administration and arrangement of all non-market investments for the Alberta Heritage Savings Trust Fund, the financial and administrative aspects of advances and guaranteed loans; and development of policy and administrative procedures on a broad range of government financing arrangements, including direct and guaranteed borrowing.

8. Chief Investment Officer
(Investment Management)

Provide short- and long-term investment management for various government accounts. Conduct capital market and investment risk analysis.

9. Assistant Deputy Provincial Treasurer Revenue

Responsible for collection of tax revenues (corporate, fuel oil, tobacco, pari mutuel, insurance); administration of tax incentives, the review of fees and charges; the Alberta Farm Fuel Distribution Allowance, Public Utilities Income Tax Rebates; and collection of past due government receivables.

10. Executive Director
Corporate Tax Administration

Plan, develop and maintain operational functions related to the collection of Alberta corporate income tax and insurance corporations tax. Communicate the provisions, procedures and programmes of the Alberta Corporate Income Tax Act and ensure quality, comprehensiveness and timeliness of public contact.

11. Administration

Provide departmental support services, including a comprehensive personnel service, management of departmental communications, building services, libraries, and legislative tablings. Implement departmental administrative policies and procedures.

Manage departmental accounting, budgeting, EDP services, records management, internal financial reporting and control, and the central stores facility. Administer garnishees/third party demands on government employees and vendors doing business with the government.

12. Accounting

Initiate accounting and financial reporting policies; administer systems to control issued and negotiated cheques and replacement cheques, accountable advances, payment reporting, and general ledger accounting; prepare interim financial statements and the Public Accounts.

13. Disbursement Control

Operate the central government payment of accounts system, examine proposed disbursements for legality, authority and availability of funds, and monitor departmental compliance with prescribed standards for financial management and control.

14. EDP Systems Support

Provide systems development and systems maintenance services to support the financial management information systems of the Office of the Controller.

15. Payroll and Pensions

Operate the central government payroll system, and administer six government pension plans including the collection of pension contributions and determination and payment of pension benefits.

16. Pension Boards Secretariat

Provide support services to the Government Pension Boards.

17. Policies and Procedures

Develop and communicate accounting and financial control policies and procedures, and provide advice and assistance to departments in improving control systems and procedures.

18. Budget Bureau

Responsible for managing the annual expenditure budget planning and review process (General Revenue Fund); providing research, analysis and recommendations concerning departmental budget proposals, new or changed programme policies, Supplementary Estimates, Special Warrants, funding and staff establishment reallocations, and draft legislation and regulations; designing and implementing improved budget methodologies and administrative control policies across government, including those affecting electronic data processing in departments and agencies; support to the Secretary to the Treasury Board; and the operation of the Government Land Purchase Revolving Fund.

19. Budget Planning and Economics

Responsible for research, analysis and policy advice concerning short- and medium-term budget planning for the government, monitoring the government's financial plan, current and future economic conditions in Alberta and Canada, pension policy, a variety of specific fiscal and economic issues, and intergovernmental fiscal relations.

20. Tax Policy

Analyse policy issues regarding the government's own source revenue structure; analyse and develop tax programmes to meet government objectives; develop tax legislation; liaise with Corporate Tax Administration, Revenue Administration and Revenue Canada relative to implementation and ongoing administration of tax programmes.

21. Bureau of Statistics

Collect, compile, analyse and disseminate economic, demographic and social statistics on Alberta; provide supporting services. As the central statistical agency of the government, determine and respond to the needs of both public and private sector users, including providing required statistical data for the policy and planning functions of the Alberta Government and the decision-making processes in the private sector. Provide methodological assistance to, and co-ordinate the existing and proposed statistical activities of, government departments; serve as the focal point for the co-ordination of statistical activity with Statistics Canada and other provincial statistical agencies.

22. Risk Management and Insurance

Administer and co-ordinate the government's insurance and risk management programme, including analysis of risk, negotiation for insurance coverage, analysis of contracts, management of government self-insured exposure; assist and provide specialized insurance services to Crown corporations, adjudication and settlement of claims, compilation of loss statistics, analysis of insurance losses and establish a loss prevention programme on a government-wide basis.

23. Finance Planning and Analysis

Provide planning and policy analysis for the Alberta Heritage Savings Trust Fund; prepare quarterly and annual reports; manage the budget cycle for Heritage Fund Capital Projects; analyse and develop recommendations on Crown corporation capital budgets, and policies for programmes and financing arrangements; analyse proposed project investments and develop recommendations for the extent and form of investment; and undertake analysis of a range of financial issues.

24. Loans and Guarantees

Document and administer all investments under the Canada, Alberta and Energy Investment Divisions of the Alberta Heritage Savings Trust Fund. Manage the financial and administrative aspects of the government's guaranteed loan programmes, develop policies and regulations respecting guaranteed loans, administer a variety of advances to funds and agencies, and analyse and recommend government involvement in loans or guaranteed loans for specific entities. Responsible for co-ordinating documentation of direct and guaranteed market borrowings.

25. Executive Director
Corporate Management Services

Responsible for the administration of the Alberta Municipal Financing Corporation as its general manager. Provides corporate accounting services for the Alberta Resources Railway Corporation.

26. Revenue Administration

Collect Alberta consumer taxes including tobacco, fuel oil, and pari mutuel; administer the system for provision and control of the Alberta Farm Fuel Distribution Allowance and the Public Utilities Income Tax Rebate programme; develop and encourage good collection and receivable management procedures and appropriate collection efforts by departments and agencies; operate a central collection service to maximize the recovery of debts owing to the Crown; review and evaluate minor revenue sources such as fees and permits; review credit card applications by departments for purchase of certain goods and services by the public; and co-ordinate the cost accumulation and claiming process under various federal-provincial cost-shared programmes.

27. Tax Information Services

Provide information to the public, through publications and an enquiry service, regarding tax programmes, procedures and requirements. Provide communication support services to Corporate Tax Administration and Revenue Administration.

28. Audit

Carry out verification of declared income tax and claims for incentive entitlements. Identify areas where taxpayers have incorrectly declared income for tax purposes or incentive eligibility.

29. Interpretations and Appeals

Assist taxpayers and tax practitioners in the interpretation of the Alberta Corporate Income Tax Act by providing rulings and opinions. Respond to objections and appeals made by taxpayers with respect to assessed taxes.

30. Operations

Maintain tax rolls, process corporate income tax returns, maintain taxpayer accounts and provide for the collection of taxes arising therefrom.

31. Systems

Provide systems and data processing services to support the administrative, operational and management information systems of the Revenue branch. Provide administrative and financial services to Corporate Tax Administration.

32. Banking and Cash Management

Manage the banking relationships of government, including bank accounts, cash management systems, and analyse government cash flows on short (daily and weekly) and medium terms (up to one year). Ensure investment receipts are collected as specified, and debt is effectively administered.

33. Investment Administration and Systems

Develop, operate and maintain manual and automated finance-related systems. Administer and control all investment settlement activities. Provide investment control, accounting and information reporting services by operating investment-related computer and manual systems. Maintain a registry for direct interest payments on public debt. Perform custodial functions for investment portfolios managed by Alberta Treasury. Provide safe-keeping services to government departments.

BANKING AND CASH MANAGEMENT

FUNCTIONS

- Manage the banking operations of the provincial government and designated boards and agencies. Monitor the organization of provincial banking to ensure that effective cash managemnent practices (such as funds collection systems, payment systems and cash concentration systems) are in place for optimal cash utilization. Provide effective methods of making government payments in foreign currencies. Maintain a high level of cash management expertise to be available to independent corporations, boards and agencies.
- Project and analyse all government cash flows, including the Consolidated Cash Investment Trust Fund (CCITF), in order to prepare cash flow forecasts on a daily, weekly and monthly basis to assist investment and debt management decisions.
- Administer the CCITF system, including banking arrangements, balancing, monthly and quarterly reports, and earnings distribution.
- Monitor receipt of investment income and deposit all income received to proper accounts.
- Administer all provincial debt to ensure payment of interest on due date and principal upon maturity, as well as the allocation of sinking fund payments.

YEAR IN REVIEW

- In conjunction with the Office of the Controller and responsible departments, implemented direct payroll deposits for Government of Alberta employees.
- Finalized contractual arrangements with several financial institutions for a variety of banking services and for the continued effective use of bank balances.
- Continued improvement in cash management practices, particularly through improved revenue collection systems and utilization of direct deposit systems.
- Assisted several boards and agencies to implement new cash management practices.
- In conjunction with other areas of Treasury and Crown corporations, implemented new arrangements for short-term bridge financing.

BUDGET BUREAU

FUNCTIONS

- Manage the annual expenditure budget planning and review process (General Revenue Fund).
- Provide research, analysis and recommendations concerning:
  - — departmental budget proposals;
  - — new or changed programme policies;
  - — Supplementary Estimates;
  - — Special Warrants;
  - — funding and staff establishment reallocations; and
  - — draft legislation and regulations.
- Design and implement improved budget methodologies and administrative control policies across government, including those affecting electronic data processing in departments and agencies.
- Support the Secretary to the Treasury Board.
- Co-ordinate operations of the government Land Purchase Revolving Fund.

YEAR IN REVIEW

- Prepared analyses and co-ordinated the review of departmental submissions for the 1985-86 Estimates of Expenditure, including separate estimates for the Legislative Assembly.
- Prepared major revisions to the presentation of the 1985-86 Estimates of Expenditure. These changes were initiated to provide consistency of expenditure reporting with the recently revised Public Accounts of Alberta and to provide more comprehensive expenditure information.
- Participated in the third annual Interprovincial Budgeting Practices Conference in Quebec City in Sep-84. (Budget practitioners from the federal government, nine provinces and the two territories met to exchange information concerning various budgeting techniques and policies.)
- Participated in Treasury's Financial Management Training Programme in 1984. Established plans to initiate a divisional training programme.

- Participated in a departmental committee established to develop the replacement of the Alberta Financial Information System (AFIS).
- Participated with Alberta Public Works, Supply and Services in the review of electronic data processing planning standards.
- Issued a Request for Proposal for an Office Automation system and evaluated responses and demonstrations of proposed solutions.
- In collaboration with Payroll and Pensions, completed a review and revision of manpower expenditure planning reports.

BUDGET PLANNING AND ECONOMICS

FUNCTIONS

- Plan and co-ordinate the preparation of the annual provincial Budget Address.
- Monitor the current economic situation and analyse the outlook for the provincial, national and international economies.
- Monitor and prepare forecasts of the government's budgetary position, identifying factors affecting that position and analysing policy options.
- Analyse and make policy recommendations concerning the fiscal and economic aspects of
  - — government social and economic programmes and policies, and
  - — other issues such as fiscal and monetary policy, regional economic development and public sector compensation.
  - — Analyse and make policy recommendations on federal-provincial and provincial-municipal fiscal relations.
- Analyse and make policy recommendations for the six provincially administered pension plans and the Canada Pension Plan.

YEAR IN REVIEW

- Co-ordinated the planning and preparation of the 1985 Budget Address.
- Monitored and analysed the Alberta economy and the government's budgetary position throughout the year.
- Participated in numerous federal-provincial and interprovincial meetings on fiscal and economic matters. Key topics for discussion included national fiscal and economic policies and pensions, both the Canada Pension Plan and private sector pension legislation.
- Prepared briefing material for several federal-provincial and interprovincial meetings of First Ministers and Finance Ministers.
- Contributed to the preparation of the "Financial Summary and Budgetary Review, 1983-84".

BUREAU OF STATISTICS

FUNCTIONS

- Serve as the central statistical agency of government; operate under the Statistics Bureau Act.
- Determine and respond to the needs of various client groups (e.g., government, business, general public) including providing required statistical data for the policy and planning functions of the Alberta government and the decision-making processes in the private sector.
- Collect, compile, analyse and disseminate relevant and timely economic, demographic and social statistics on Alberta.
- Provide methodological and other statistically related assistance to, and co-ordinate the existing and proposed statistical activities of, government departments;
- Collaborate with Statistics Canada and other provincial partners within the statistical system to

minimize duplication and to maintain statistical standards.

YEAR IN REVIEW

- Expanded ASIST (Alberta Statistical Information System) by some 12,400 series, bringing the total data base content to over 32,000. On average, 6,500 of these series per month have been retrieved, reported, graphed or analysed. Since the system first became available through ACT Computer Services Ltd. in Mar-84, 18 Alberta government departments or agencies and private sector firms have signed contracts for use of ASIST.
- Distributed over 45,520 publications and responded to over 7,200 requests — 40 per cent from government, 28 per cent from businesses and the remainder from individuals, the academic community and others. Included were some 1,400 requests for 1981 Census of Canada information, representing 20 per cent of all requests handled.
- Continued to develop aggregated statistics from various administrative sources for use in providing estimates of population levels, migration flows and unemployment statistics.
- Continued to undertake major business-related surveys to collect and produce: pay and benefits statistics, information on Alberta's retail and service sectors, statistics related to the province's manufacturing industries, and indices to provide place-to-place price comparisons for 20 Alberta communities.
- Continued to monitor and report on population and economic trends. Updated long-range population projections for the province and census divisions. Incorporated a number of refinements to the economic accounts.
- Assisted government departments through continued methodological consultation on research and survey related projects; further development of the household register; expansion of the Postal Code translator file in both increased coverage and geographic linkages to other data bases (e.g., ASIST).
- Chaired the interdepartmental Statistics Co-ordinating Committee. A reorganization during the year resulted in a two-tier approach being adopted — a senior officials' committee complemented and supported by a committee of working level staff. The former will concentrate on the policy aspects of statistical co-ordination within the government while the operational aspects will be left to the latter.
- All publications now available from the Alberta Bureau of Statistics are listed in Appendix C.
- Note: A Users' Guide is available to those interested in further information. This brochure presents an overview of information and services available through the Bureau of Statistics. Included are sections on how to obtain information, a discussion of programme objectives and activities and a brief description of each of the bureau's publications.

CORPORATE MANAGEMENT SERVICES

FUNCTIONS

- Provide accounting, investment and debt management services to the Alberta Resources Railway Corporation.
- Manage the affairs of the Alberta Municipal Financing Corporation, a non-profit Crown corporation established to:
  - assist municipalities and other eligible local authorities to obtain capital funds at the lowest possible cost; and
  - issue debentures of the corporation, guaranteed as to principal and interest by the Province of Alberta, to obtain funds for local authorities at more advantageous rates than could be arranged by municipal governments borrowing independently.

YEAR IN REVIEW

- Alberta Resources Railway Corporation:
  - The outstanding long-term debt of the corporation at the end of 1984 was $103.4 million, with assets in the sinking fund totalling $45.3 million.
  - The tonnage rental revenue remained at the same level as in 1983 at about $4.0 million.

- Alberta Municipal Financing Corporation:
  - — The gross outstanding long-term debt of the corporation was $5.5 billion at 31-Dec-84, well under the authorized borrowing limit of $7 billion established in the Alberta Municipal Financing Corporation Act.
  - — New loans issued in 1984 totalled $554 million, a decrease of $68 million from the $662 million in total loans made in 1983.
  - — The capital required in 1984 to satisfy the needs of municipal, school and hospital authorities was obtained by the corporation largely from the following sources:

Public	$150 million
Canada Pension Plan Investment Fund	$338 million

  - — A five-year, 13½ per cent debenture issue of $150 million was placed in the Canadian market on 15-Aug-84.
  - — Total outstanding loans receivable were $4.9 billion, up from $4.5 billion at the end of 1983. Of the total outstanding loans at the end of 1984, 81 per cent were borrowed originally for municipal purposes, 18 per cent for school purposes and one per cent for hospital purposes.
  - — Interest rates changed several times during 1984, ranging from a high of 14⅜ per cent to a low of 12⅝ per cent for 20-year term loans.
  - — Loan prepayments in 1984 totalled $46.5 million compared to $63.0 million in the previous year.

Note: Alberta Municipal Financing Corporation statistical tables appear below and on the following page.

The outstanding debt of the Alberta Municipal Financing Corporation at the end of 1984 stood at $5.554 billion. The assets in the Sinking Fund totalled $951 million, leaving the net debenture debt of the corporation, including debenture discount, at $4.582 billion at 31-Dec-84. The outstanding debt is analysed as follows:

(thousands of dollars)	Original Issue	Gross Outstanding 31-Dec-84 (Audited)	Outstanding as a Percentage of Total
Canada Pension Plan Investment Fund	$2,977,399	$2,977,399	53.6
Government of Alberta	1,864,000	1,724,000	31.1
Public:			
Canada	875,000	834,160	15.0
United States	($US 150,000)	17,979	.3
Total		$5,553,538	100.0%

The Alberta Municipal Financing Corporation has loaned over $7.2 billion to municipal jurisdictions since its inception in 1956. Of this amount, $4.853 billion remains outstanding at 31-Dec-84. These loans are analysed as follows:

(thousands of dollars)	Principal Outstanding 31-Dec-83	New Loans Issued 1984	Principal Repaid 1984	Principal Outstanding 31-Dec-84
By Jurisdiction		(Audited)		
Cities:				
Calgary	$1,309,354	$260,000	$ 74,167	$1,495,187
Camrose	18,118	16	506	17,628
Drumheller	9,054	966	338	9,682
Edmonton	1,528,133	135,000	63,419	1,599,714
Fort McMurray	17,656	1,479	1,172	17,963
Grande Prairie	56,755	3,877	1,325	59,307
Leduc	18,601	—	519	18,082
Lethbridge	48,507	6,273	2,316	52,464
Lloydminster	18,604	4,886	1,668	21,822
Medicine Hat	62,103	973	1,263	61,813
Red Deer	76,686	728	2,105	75,309
St. Albert	38,053	1,955	652	39,356
Wetaskiwin	13,619	535	284	13,870
Total Cities	3,215,243	416,688	149,734	3,482,197
Towns	357,990	13,649	18,785	352,854
Villages	41,223	1,316	1,987	40,552
Counties — School	144,784	14,912	9,162	150,534
— Other	49,736	3,280	4,252	48,764
Municipal Districts	5,054	743	354	5,443
Improvement Districts	5,784	—	52	5,732
Irrigation and Water Services	13,591	—	183	13,408
Hospitals	8,451	—	319	8,132
School Districts and Divisions	686,533	103,381	44,291	745,623
	$4,528,389	$553,969	$229,119	$4,853,239
By Purpose				
Municipal	$3,677,412	$435,654	$174,818	$3,938,248
Hospital	17,310	22	694	16,638
School	833,667	118,293	53,607	898,353
	$4,528,389	$553,969	$229,119	$4,853,239

Note: Alberta Municipal Financing Corporation year-end is 31-Dec. Detailed information is available in its annual report which may be obtained from the address listed in Appendix C.

CORPORATE TAX ADMINISTRATION

AUDIT

FUNCTIONS

- Develop and maintain an audit capability consistent with the incentive nature of the Alberta Corporate Income Tax Act (ACITA), while encouraging voluntary compliance, deterring tax avoidance and ensuring uniform application of the law.
- Utilize efficient audit techniques, including sophisticated computer software to identify potential candidates for audit.
- Maintain a programme of limited "desk" audits and in-depth "field" audits.
- Co-ordinate Alberta tax audit activities, where possible, with other agencies and governments to avoid duplication of audit effort.

YEAR IN REVIEW

- Maintained an active field audit programme operating from both Calgary and Edmonton offices, covering a wide variety of Alberta corporate taxpayers.
- Finalized development of the EDP computer audit programme to allow auditors to audit through the computer. This resulted in less time spent in taxpayers' offices and in accurate information being drawn directly from the computer system.
- Developed audit programmes for three new tax programmes being administered by Corporate Tax Administration:
  - — Insurance Corporations Tax Programme
  - — Alberta Small Business Equity Corporations Programme (tax credit portion)
  - — Manufacturing and Processing Incentive Programme
- Pursued a number of cases in the courts while remaining alert to potential abuses of the Alberta incentive programmes.
- Commenced, on a test basis, some taxable income audits to ensure correct reporting for Alberta purposes and correct allocation of tax to the Province of Alberta.

INTERPRETATIONS AND APPEALS

FUNCTIONS

- Issue binding advance tax rulings to clarify tax implications of major business transactions.
- Review taxpayers' objections and confirm, vary or vacate assessments in strict conformity to the law.
- Provide information to the corporate tax community by publishing interpretation bulletins, information circulars and rulings. Respond to technical enquiries.
- Assist in drafting proposed legislation, especially from an administration perspective.

YEAR IN REVIEW

- Rendered several advance rulings and statutory or technical interpretations for corporations.
- Proposed a number of legislative changes which were subsequently enacted, including: an extension of the base for late-filing penalties; a provision for late-filed elections respecting the transfer of exempt status; and a prohibition of expensing of foreign non-business income tax that has been recovered under the federal credit.
- Prepared or revised seven information circulars on technical subjects related to the provisions of the Alberta Corporate Income Tax Act.
- Provided technical expertise in tax matters to other divisions and government departments.
- Assisted legal counsel in the preparation and conduct of complex tax litigation cases.

OPERATIONS

FUNCTIONS

- Identify corporations subject to ACITA and maintain the tax roll; ensure each corporation files information and returns as required by law, voluntarily or by legal enforcement.
- Develop and maintain accounting, assessment and collections functions for the Administration.
- Administer the receipt of payments and verify the accuracy of returns under the Alberta Insurance Corporations Tax Act.
- Maintain corporate accounts, which includes processing taxpayer remittances, issuing statements of account, and issuing refunds.
- Ensure all documents concerning corporate registration and filing, as well as administrative correspondence and other documents, are accurately and securely maintained on file.
- Provide an enquiry service allowing corporations to determine the status of their tax accounts; assist taxpayers in resolving account discrepancies and make adjustments where necessary.

YEAR IN REVIEW

- Enhanced compliance procedures, thereby reducing the number of corporations on the tax roll which had not filed tax returns or notified Corporate Tax Administration they were not operating. Eased the filing requirements for non-operating and insolvent corporations.
- Initiated legal action against a number of corporations which remained in default of filing corporate income tax returns.
- Developed procedures and defined systems requirements necessary to administer the Manufacturing and Processing Tax Incentive, to take effect 1-Apr-85.
- Enhanced assessment/reassessment processes to accommodate tax returns affected by new legislation and to ensure all returns are processed in a timely manner.
- Established a time reporting system to record staff time allocation, enabling management to establish targets, monitor productivity and develop workload projections for optimum performance.
- Implemented tracking systems for assessments, reassessments and correspondence, to establish better control over these documents and enhance the ability to respond promptly to taxpayer enquiries.
- Reviewed and modified, where required, the explanatory messages for Notices of Assessment and Reassessment to provide clearer information to taxpayers.

SYSTEMS

FUNCTIONS

- Plan and manage the development, implementation, operation and maintenance of systems to support the operational, management and administrative functions of the Revenue branch.
- Provide data processing services and facilities to Corporate Tax Administration and Revenue Administration.
- Develop and maintain procedure manuals and forms required for the operations of the Revenue branch.
- Provide administrative, financial and personnel support services to Corporate Tax Administration.

YEAR IN REVIEW

- Upgraded the processing and storage components of both data entry and mainframe computers to provide increased capacity, improved response times and greater reliability.
- Converted the Corporate Income Tax Database to direct access, reducing update processing time and eliminating duplicate files. This paved the way for implementation of the first online update functions for tax roll maintenance and collections status transactions.
- Undertook evaluation of Revenue branch word processing and office automation requirements, resulting in the acquisition of new word processing/office automation systems. A Revenue branch network will enable the transfer of documents from or to any of the four Revenue branch offices, and access to documents from each of these locations.
- Implemented a tracking system to monitor the progress, location and status of reassessment transactions, allowing high priority actions to be expedited and providing prompt response to enquiries.
- Implemented internal management systems to monitor, control and report on systems development projects and resource utilization.
- Implemented four major systems enhancement releases to upgrade the Corporate Income Tax Administration System with legislative and administrative policy changes, manpower saving system enhancements, improved management reporting and system performance optimization.
- Converted the majority of CTA and Revenue Administration forms to production on the Xerox 8700 laser printer, resulting in reduced costs and greater flexibility in stocking and revision of forms.
- Established standards and procedures to enable tax preparers to use microcomputer technology to generate tax returns and schedules.
- Undertook a major project to review and consolidate system-generated operational and management reports, resulting in a large reduction in the number of reports produced on a regular basis and corresponding reductions in processing and handling resources.
- Expanded the use of microcomputers to various administrative record-keeping activities, helping to cope with manpower reductions in the support services area.

- Undertook a number of major office relocations to consolidate Corporate Tax Administration and accommodate organizational growth and internal reorganization.

TAX INFORMATION SERVICES

FUNCTIONS

- Communicate the provisions of the Alberta Corporate Income Tax Act to tax preparers and the business community through an enquiry response service.
- Produce and distribute technical and general publications related to the Act and Corporate Tax Administration.
- Identify other communications needs and co-ordinate the resulting public information programmes.

YEAR IN REVIEW

- Through office locations in Edmonton and Calgary, responded to approximately 12,000 telephone enquiries for corporate tax information, and referred an additional 3,700 calls to appropriate areas within Corporate Tax Administration or to other levels of government; accommodated personal visits from approximately 2,050 corporate taxpayers requesting information.
- Prepared an enquiries reference manual for use in responding to taxpayer questions.
- Initiated upgrade to the Calgary office telephone system to enhance the taxpayer enquiries response service.
- Co-ordinated printing and distribution of seven information circulars, four issues of "Tax Notes", and a new general information booklet.
- Co-ordinated provision of a CTA speaker service for the tax and business communities, and prepared background and speech material for presentations.

CORPORATE TAX ADMINISTRATION

STATISTICAL HIGHLIGHTS

(Unaudited)

	1984/85	1983/84
TAX RETURNS		
Number Received	108,250	100,363
Number Assessed	109,183	109,736
Number Reassessed	12,265	4,618
PAYMENTS		
Number Received	88,345	88,783
Dollar Value	$ 883,995,000	$ 757,290,000
ASSESSMENTS		
Corporate Taxable Income Allocated to Alberta	$7,863,135,000	$7,336,720,000
Actual Dollar Value of Corporate Income Tax Assessed	$ 700,047,000	$ 664,365,000
Dollar Value of Refundable Tax Credits Assessed	$ 546,328,000	$ 501,379,000
OTHER OPERATING INFORMATION		
New Corporations Added to the Tax Roll	18,852	20,000
Number of Advanced Rulings Issued	14	7
Number of Notices of Objection Disposed of	78	75
Number of Files Reviewed for Audit Purposes	350	350
Number of Telephone Enquiries Received from Corporations	26,000	25,000

FINANCE PLANNING AND ANALYSIS

FUNCTIONS

- Co-ordinate Treasury's planning and policy analysis for the Alberta Heritage Savings Trust Fund.
- Review potential investments for the Alberta and Energy Investment Divisions of the Alberta Heritage Savings Trust Fund and advise whether investment criteria can be met.
- Provide financial analysis of projects where government support or investment is being considered.
- Analyse and provide recommendations on capital budgets, programme initiatives and financing requirements of provincial Crown corporations.
- Provide analysis on a broad range of financial issues and proposed initiatives for the purpose of recommending alternatives to integrate the economic and financial policies of the government.
- Manage the budget cycle for the Capital Projects Division of the Alberta Heritage Savings Trust Fund, including analysis of budgets, the preparation of Estimates and the review of funds transfer and programme change proposals.
- Prepare the quarterly and annual reports of the Alberta Heritage Savings Trust Fund; prepare those sections of the Budget Address and other publications related to the Heritage Fund and provincial Crown corporations.

YEAR IN REVIEW

- Developed options for revisions to the Alberta Heritage Savings Trust Fund Act and worked with Legislative Counsel on the 1984 Amendment Act. Two key amendments were passed in the spring session. One continues the transfer of investment earnings to General Revenues to support the budget. The second allows special warrants under certain circumstances for ongoing Capital Projects Division projects.
- Reviewed Heritage Fund investment policies. During the year, the Investment Committee took the decision to permit the $200 million limit on the Commercial Investment Division — the Fund's equity portfolio — to increase by the amount of its earnings.
- Provided financial analysis and recommendations for provincial investment or other financial involvement in projects with economic benefits. These included the bi-provincial Husky Oil Upgrader for which Alberta approved the extension of loan guarantees.
- Analysed the capital budgets, programme initiatives and financing requirements of major provincial corporations, including Alberta Mortgage and Housing Corporation, Alberta Opportunity Company and Alberta Agricultural Development Corporation.
- Reviewed the budget proposals for Heritage Fund Capital Projects Division projects and prepared estimates for introduction in the Legislature. Funding was approved for 17 continuing projects and one new project, the Alberta Research Council's Electronics Test Centre.
- Provided financial and policy analysis as input to interdepartmental committees considering issues and initiatives with significant financial implications.

INVESTMENT ADMINISTRATION AND SYSTEMS

FUNCTIONS

- Arrange for the settlement of investment transactions for the General Revenue Fund, the Alberta Heritage Savings Trust Fund, the Consolidated Cash Investment Trust Fund, the Pension Fund and other investment funds.
- Provide investment control, accounting and information reporting services for the above funds by operating the Treasury Investment Information System, the Consolidated Cash Investment Trust Fund System and other computer and manual systems.
- Manage the ongoing maintenance and development of systems to support the control, accounting and management information functions of Treasury's finance and investment activities.
- Act as transfer agent and registrar for debentures issued by the Province of Alberta, the Alberta Municipal Financing Corporation, the Alberta Universities Commission, Governors of the Uni-

versity of Alberta, The Alberta Resources Railway Corporation and the Alberta Government Telephones Commission.

- Administer interest payments on fully registered debentures and account for matured coupons and redeemed debentures for publicly-held securities.
- Provide a central safekeeping service to government departments.
- Facilitate the initial distribution of certificates on new debenture issues.
- Provide control on the issuance of Treasury Bills and Promissory Notes and account for the matured certificates.

YEAR IN REVIEW

- Settled approximately 11,200 investment and debt transactions during the year. Processed 2,400 safekeeping transactions and approximately 1,500 transactions as transfer agent and registrar.
- Completed a pilot project to test a new system to replace the current investment information system.
- Developed and implemented the Loans and Guarantees System which provides the required information on the loans and guarantees programmes of the province.
- Implemented an automated system to monitor limit controls on investments.
- Implemented more efficient procedures for settlement of mid-term securities.
- Completed the requirement definition for and began the design of an automated safekeeping system.
- Implemented an automated debenture interest payment system.

INVESTMENT MANAGEMENT

FUNCTIONS

- Develop and implement strategies for the investment of cash reserves, long-term investment portfolios and various sinking funds of the government and a number of its agencies.
- Assist in maintaining an orderly market for publicly-traded securities issued and/or guaranteed by the Province of Alberta.
- Provide investment research as input to investment strategies and the execution of investment transactions.
- Major portfolios under management:
  - — General Revenue Fund (GRF)
    The GRF provides for the basic liquidity requirements of the government.
  - — Pension Fund
    With assets of $2.5 billion at year end, the Pension Fund was the largest single fund under the division's management. It is invested in a broad range of assets designed to assist the province in meeting its obligations under various public sector pension plans.
  - — Consolidated Cash Investment Trust Fund (CCITF)
    This cash management facility provides participants with the benefits of fully-invested cash balances along with full liquidity. Investments are concentrated in high-grade, short-term securities.
  - — AHSTF Section 10
    Funds which have not been invested under one of the investment divisions of the Heritage Fund are managed under Section 10 of the Alberta Heritage Savings Trust Fund Act. These monies are invested in a variety of marketable fixed income securities to provide liquidity, while at the same time, enhancing the return on funds not yet committed to other divisions.
  - — AHSTF Commercial Investment Division
    This division, which commenced operations in 1981-82, seeks to attain commercial rates of return through equity investments. The broadly based portfolio of Canadian equities was expanded during the year to a closing level of $183 million. The remainder of the $201 million portfolio is in convertible bonds and high-quality, short-term instruments.

— Workers' Compensation Fund
This fund provides for long-term disability and pension benefits arising from industrial accidents.

— Endowment Funds
The Medical Research Endowment Fund supports research sponsored by the Alberta Heritage Foundation for Medical Research. The Alberta Heritage Scholarship Trust Fund provides for a wide range of scholarships for Albertans.

— Deposits Fund (Alberta Treasury Branches)
Day-to-day cash balances of the Treasury Branches are invested in high-grade, short-term securities.

— Sinking Funds
Sinking fund operations for the Alberta Municipal Financing Corporation, Province of Alberta, Alberta Resources Railway Corporation and the Alberta Universities Commission provide for the eventual retirement of the issues, as well as marketability for current holders of the securities issued by these bodies.

YEAR IN REVIEW

- Received authority to reinvest income from the Commercial Investment Division, allowing the portfolio to grow over time.
- Assisted in developing the requirements for and subsequent testing of a new investment management information system.
- Developed a number of software programmes to assist in investment decision making.
- Expanded private placement and real estate investments to diversify and enhance long run performance for a number of portfolios.

LOANS AND GUARANTEES

FUNCTIONS

- Document and administer investments made under the auspices of the Alberta, Energy and Canada Investment Divisions of the Alberta Heritage Savings Trust Fund and selected General Revenue Fund investments.
- Document, administer and report on loans guaranteed under various government programmes.
- Develop policy recommendations and regulations regarding guaranteed loans.
- Provide analysis and advice on a broad range of investment and guaranteed loan proposals considered by the government.
- Administer and control a variety of advances to funds and agencies.
- Co-ordinate documentation of direct and guaranteed market borrowings.

YEAR IN REVIEW

- Worked on financing agreements in connection with government guarantees for the Bi-Provincial Upgrader Project.
- Co-ordinated the documentation for short-term borrowings by provincial Crown corporations from the Provincial Corporation Loan Fund.
- Assisted with the development and co-ordinated documentation in connection with the government's announced support for the Credit Union System.
- Developed and implemented an automated system for the monitoring and control of guaranteed loans and selected General Revenue Fund investments.

OFFICE OF THE CONTROLLER

ACCOUNTING

FUNCTIONS

- Initiate accounting and financial reporting policy development and approve policy for implementation throughout the government; review proposed legislation for accounting and financial reporting implications.
- Maintain the principal financial records of the government; prepare interim and annual financial statements.
- Prepare consolidated financial statements for the province; prepare the Public Accounts and supplementary report of payments by payee and reports of payments as required under the Legislative Assembly Act.
- Develop and administer computer systems for:
  - — general ledger accounting;
  - — revenue accounting and reporting;
  - — control of accountable advances;
  - — control and reconciliation of issued, negotiated and replacement cheques; and
  - — payment reporting by payee.

YEAR IN REVIEW

- Improved the timeliness of interim financial reporting on the General Revenue Fund and other major funds held and administered by Treasury by successful use of the new computerized general ledger accounting system.

DISBURSEMENT CONTROL

FUNCTIONS

- Examine disbursements for legality, authority and availability of funds.
- Operate the Alberta Financial Information System (AFIS) for the payment of accounts, maintenance of payment records and the issuing of cheques.
- Review departmental systems to ensure compliance with prescribed standards for internal control.
- Provide an internal audit function for the department.

YEAR IN REVIEW

- Processed more than 3.4 million cheques through the central payment of accounts system. The supporting enquiry service responded to approximately 12 requests per day from vendors seeking assistance or information.
- Monitored departmental processing times for payment transactions throughout the year. Average processing time for the government was 31 days at 31-Mar-85.
- Maintained a central disbursement audit function and conducted pilot audits of decentralized accounts payable functions with a view to developing an audit methodology to complement the new financial system being developed by the Office of the Controller.

EDP SYSTEMS SUPPORT

FUNCTIONS

- Provide systems development and systems maintenance services to support the financial management information systems of the Office of the Controller.

YEAR IN REVIEW

- Transferred from Alberta Public Works, Supply and Services to Alberta Treasury effective 1-Oct-84.
- Assisted Payroll and Pensions in the development and implementation of a new pension contributor system and a direct deposit system for salaries.
- Maintained and enhanced 21 operating systems for Accounting, Disbursement Control and Payroll and Pensions.

PAYROLL AND PENSIONS

FUNCTIONS

- Control payroll disbursements in accordance with the Financial Administration Act and applicable legislation.
- Operate the central government payroll system.
- Administer six government pension plans, including the collection of pension contributions and determination and payment of pension benefits.

YEAR IN REVIEW

- Offered payroll payment by direct bank deposit for government salaried employees. This en-

hancement was taken advantage of by more than 10,000 employees.

- Introduced a new payroll procedures manual to all departments.
- Developed a new computer system for pension member contributions.
- Introduced the new concept of annual reporting of government pension plan contribution data to a pilot group of employers.
- Implemented an automated system to support prior service pension purchase by instalment.
- Assisted in the development of new pension statutes for the Public Service and Public Service Management Pension plans which received Royal Assent in Nov-84.
- Issued approximately 1.3 million payroll payments totalling over $1.4 billion to 65,000 employees and pensioners.
- As at 31-Mar-85 there were 135,000 members of the pension plans actively contributing through 530 employers. The number of pensioners rose to 19,000, an increase of 12 per cent.

PENSION BOARDS SECRETARIAT

FUNCTIONS

- Advise the department and the Provincial Treasurer on pension policy.
- Review legislation for new pension plans and amendments to existing pension acts and regulations.
- Develop reciprocal agreements with other pension authorities.
- Provide administrative services to the Public Service Pension Board, Public Service Management Pension Board, Local Authorities Pension Board, Special Forces Pension Board, and the Universities Academic Pension Board.
- Publish the pension newsletter "POSTSCRIPT", employee information booklets and annual reports. Present pension information and retirement seminars.

YEAR IN REVIEW

- Prepared 260 individual pension cases for consideration by the pension boards.
- Prepared studies for use in the ongoing review of pension arrangements for Alberta public sector plans.
- Concluded reciprocal agreements with the Universities of Prince Edward Island, Montreal and Sherbrooke and with the Ontario Colleges of Applied Arts and Technology, on behalf of the Universities Academic Pension Board, and with the Province of Newfoundland on behalf of the Public Service Management Pension Board.
- Presented 199 pension information seminars and 16 pre-retirement seminars attended by approximately 5,400 employees.
- Published four issues of the pension newsletter "POSTSCRIPT" and four pension bulletins for the information and guidance of the employers and employees participating in the six government pension plans.
- Hosted the 12th Annual Conference of the Association of Canadian Public Service Pension Advisors, in Edmonton, from 16 to 18-Jul-84.
- Published employee information booklets for the Universities Academic Pension Plan, Local Authorities Pension Plan and the Special Forces Pension Plan. Updated the booklet for the Public Service Pension Plan.
- Prepared the 1982-83 Annual Reports for the six pension plans for tabling in the Legislature in the fall session, 1984.
- Prepared the 1983-84 annual reports for the six pension plans for tabling in the Legislature in the spring session, 1985.

POLICIES AND PROCEDURES

FUNCTIONS

- Develop and communicate accounting and financial control policies and procedures.
- Assist departments to develop and implement financial control systems and procedures through training and advice.
- Co-ordinate the government's response to the Annual Report of the Auditor General and monitor responses by departments to the Auditor General's management letters.

YEAR IN REVIEW

- Co-ordinated the drafting of the report submitted by the Provincial Treasurer to the Public Accounts Committee on the recommendations of the Auditor General.
- Co-ordinated the arrangements for the 1984 conference of the Federal-Provincial Council on Fi-

nancial Administration which was hosted by the Government of Alberta.

- Reported to the Treasury Internal Audit Committee on reviews of controls in Investment Systems and Settlements, Securities Administration Office, Finance Planning and Analysis — Capital Projects, Corporate Tax Administration and Revenue Administration.

FINANCIAL INFORMATION SYSTEM PROJECT TEAM

A task force, made up of employees from various divisions within the Office of the Controller, was established to develop and implement the Departmental Financial System/Central Financial System (DFS/CFS). The goal of this task force is to provide a facility to enhance central financial control and expedite financial reporting, and to enable departments to meet their unique financial management information requirements. This is a major project that is being phased-in over a period of several years, with full implementation in 1988.

FUNCTIONS

- Develop an integrated financial information system (DFS/CFS) for implementation throughout the government.
- Plan the transfer of responsibility for operating the system to the Accounting and Disbursement Control divisions.

YEAR IN REVIEW

- Implemented DFS/CFS in two departments as at 1-Apr-84.

REVENUE ADMINISTRATION

FUNCTIONS

- Collect, audit and account for taxes due under the provisions of the Fuel Oil Administration Act, the Tobacco Tax Act, and the Pari Mutuel Tax Act.
- Administer the provision and control of the Alberta Farm Fuel Distribution Allowance (AFFDA) and the Alberta Domestic Heating Oil Allowance.
- Administer the Utility Companies Income Tax Rebate programme.
- Operate a central collection service for government to maximize the recovery of accounts and loans in default owing to the Crown.
- Develop and encourage good collection and receivables management procedures and appropriate collection efforts by departments and agencies.
- Make recommendations for compromises, remissions or write-offs of accounts and loans receivable.
- Operate a central revenue deposit service for government.
- Review and evaluate minor revenue sources such as fees, permits and other miscellaneous types of revenue and recommend changes to improve the cost-effectiveness or efficiency of the revenue collection process.
- Administer credit card applications by departments to permit the purchase of certain goods and services by the public.
- Disseminate information and provide assistance to departments and agencies concerning federal sales tax regulations and their implications.
- Co-ordinate the cost accumulation and claiming process under various federal-provincial cost-shared programmes.
- Contract for and co-ordinate the armoured car service for government.

YEAR IN REVIEW

- Increased collection of receivables through the Crown Debt Collections Unit by 17 per cent to a total of $4.2 million.
- Increased use of private sector collection agencies to cope with expanding work load.
- Processed an increased volume of remissions, compromises and overdue corporate income tax accounts.
- Succeeded in obtaining rulings on the tax status of government agencies and divisions in relation to the Federal Sales and Excise Tax and secured tax exempt status for various Alberta agencies and divisions.

- Focused on enhancing communication with the public, including intensive in-house staff training seminars and a mail survey of approximately 600 of the division's public contacts to identify any communication problems or administrative concerns that might have arisen.
- Conducted a major communication effort aimed at independent fuel agents to familiarize them with the revisions to the Fuel Oil Administration Act, and to assist them with changes in the method of administering the farm fuel subsidy (AFFDA).
- Implemented an expansion of the computer system to record payments of AFFDA to independent agents to identify compliance problems, resulting in savings of $154,000 over seven months and a projected cost saving in the AFFDA programme of $350,000 annually.
- Made 350 visits to independent bulk dealers to explain new administrative procedures affecting them and provided follow-up assistance.
- Completed a review of fees and charges levied by departments.

STATISTICAL HIGHLIGHTS

(Unaudited)
($ thousands)

	1984/85	1983/84
REVENUES COLLECTED		
Taxes		
Fuel Oil Tax	$ 6,045	$ 5,775
Tobacco Tax	100,169	98,609
Pari Mutuel Tax	9,447	10,797
Payments from Government of Canada		
Cost Shared Programmes		
Alberta North Agreement	—	450
Nutritive Processing Assistance	2,826	1,692
Statutory Subsidies	3,644	3,605
MANAGEMENT OF PAST-DUE GOVERNMENT RECEIVABLES		
Collections	4,232	3,604
Compromises*	217	222
Remissions*	171	98
Write-offs	9,791	15,159
PAYMENTS TO SUBSIDIZE ALBERTA CONSUMERS		
Farm Fuel Costs (Alberta Farm Fuel Distribution Allowance)	61,558	64,486
Householder Utility Costs (Utility Companies Income Tax Rebate Programme)	268,617	222,718

*Includes only those compromises and remissions approved arising from past due accounts transferred to Crown Debt Collections by departments.

RISK MANAGEMENT AND INSURANCE

FUNCTIONS

- Continue evolution and administration of a comprehensive means for managing the risk and protecting the assets of government and other entities included in the overall programme.
- Determine the possible and probable risk exposures of entities within the programme, using statistical methods as well as investigation and forecasting.
- Risk Assumption — assess the expected frequency and severity of loss using empirical data and trend analyses, taking into account factors such as increases in loss costs. Establish, for each class of insurable risk, a basis aggregate value of losses that will be expected/assumed as tolerable within financial capability.
- Risk Control — analyse participants' loss experiences by using statistics developed within the division in connection with data obtained through both specific and routine field inspections. Develop and implement loss control practices based on findings.
- Risk Transfer — facilitate transfer of risk contractually to parties other than insurance companies. Where cost effective, arrange to transfer otherwise non-transferable unexpected and severe accidental losses, above the accepted risk assumption levels, to insurers.
- Provide guidance to participants on how risk can be reduced and/or transferred via the wordings of their agreements with other parties.
- Adjust, or monitor the adjusting of, all insurable losses of the Crown and included entities, whether the losses are insured, self-assumed or, in some cases, uninsured.
- Recoveries — prepare documentation on and negotiate recovery of monies due from government insurers and other parties responsible for loss or damage caused to the Crown.

YEAR IN REVIEW

- Created an information package for remarketing of the insurance programme highlighting all insurance requirements.
- Introduced word and data processing to the division and concurrently updated and computerized inventories of properties, vehicles, equipment and personnel and the auto loss analysis statistical information for the current and previous year.
- Sponsored and took part in a risk control seminar for all government entities. Other participants included fire prevention office, security services, personnel, and occupational health and safety.
- Arranged a Weekly Indemnity and Accident Reimbursement Benefit Endorsement to the casualty policy to provide income maintenance for volunteers to, and committee and board members of, government departments.
- Continued assistance on owner-controlled projects including Urban Hospitals, Grande Cache Correctional Centre, Forty Mile Coulee Syphon, Lethbridge Northern Irrigation District, and Mount Allan.
- Reviewed and provided assistance on over 300 contracts and approximately 20 drafts of legislation or regulations.
- Continued preparation of individual entity risk evaluation manuals.
- Instituted a system with sprinkler and fire suppression equipment manufacturers for approval of drawings for new construction and renovations.
- Assisted Alberta Special Waste Management Corporation task group participating in negotiations with the selected owner/operator of the Swan Hills facility.

TAX POLICY

FUNCTIONS

- Analyse the impact of federal and provincial tax policies, and recommend Alberta tax measures to serve specific objectives. Develop tax legislation.
- Liaise with Revenue Canada and Alberta Treasury Corporate Tax Administration and Revenue Administration with respect to the implementation and ongoing administration of tax programmes.

- Provide research, analysis and recommendations on resource revenue proposals.

YEAR IN REVIEW

- Identified necessary amendments, obtained ministerial approval and co-ordinated drafting of the Alberta Corporate Income Tax Amendment Act, 1984 and the Alberta Income Tax Amendment Act, 1984. Reviewed requests, obtained ministerial approval and prepared various income tax remission orders.
- Prepared analyses on income taxation issues such as the Alberta manufacturing and processing tax rate reduction, the taxation of agriculture and the taxation of capital gains.
- Reviewed the 8-Nov-84 federal Economic and Fiscal Statement, and subsequent papers. Reviewed tax changes of other provinces.
- Provided input for negotiations on the Lloydminster Heavy Oil Upgrader and the 27-Mar-85 energy accord.
- Reviewed and responded to numerous proposals and questions from the public on Alberta tax policy as well as taxes in other jurisdictions.

ALBERTA TREASURY BRANCHES

FUNCTIONS

- Operate a system of branches, sub-branches and agencies throughout the province to provide Albertans access to a full range of financial services at reasonable costs.
- Primary responsibilities include:
  - — accepting money on deposit
  - — loaning money to the public
  - — providing safekeeping facilities to the public
  - — certain branches act as an agent of the government for the issuing of various licences, collection of fees, etc.
  - — earning a profit on operations for the benefit of all Albertans.

YEAR IN REVIEW

- The Treasury Branches are the only financial service available in over 63 communities in the province.
- Continued expansion of the branch and agency system. There are now 130 branches, one sub-branch and 109 agencies.
- Treasury Branches continued to upgrade branch premises by completing renovations at:

Red Deer 50th Street	(27-Apr-84)
Black Diamond	(18-May-84)
Calgary Chinook	(16-Nov-84)
Edson	(5-Feb-85)

- Extended agency service to the communities of:

Alder Flats	(4-Apr-84)
Blairmore	(4-Oct-84)

- Introduced new deposit and loan programmes:

The Albertan — a daily interest savings account, available at on-line branches only, for depositors who wish to obtain a higher rate of return on their non-chequing savings. No minimum balance is required. Interest is calculated on the daily closing balance and credited monthly on the last day of the month. Funds may be withdrawn in person by the depositor or by an interoffice transfer.

U.S. Dollar Daily Interest Savings Account — available at on-line branches, established to maintain international capability. Deposits may be made in either U.S. funds or in Canadian funds converted to U.S. dollars at the existing exchange rate in effect on date of deposit. No minimum balance is required. Interest earned is calculated on the daily closing balance and credited monthly on the last day of the month. Funds may be withdrawn in person by the depositor or by an interoffice transfer.

U.S. Dollar Term Deposit — available for any number of days from 30 to 364 with a minimum deposit of $1,000, or for a term of one or more years as determined from time to time, with a minimum deposit of $500.

American Express Canada Inc. Express Deposit Plan — available to all merchants who meet the conditions and agree to the terms established by American Express Canada Inc. Under the plan, merchants will receive payment for American Express Credit Card purchases on the day the receipts are deposited, subject to an authorized deposit limit.

U.S. Dollar Loans — Treasury Branches U.S. Dollar loans are available for any worthwhile purpose benefitting the business operations of an applicant, at the U.S. Dollar Prime Lending Rate established from time to time, for terms from one to three years amortized for the lesser of 25 years, or the anticipated life expectancy of the assets financed.

- Special Service Feature — arrangements have been established with the Bank of Canada, whereby Treasury Branches may act as an agent of the Bank for the redemption, **at maturity**, of Government of Canada Treasury Bills.
- Continued automation of branches during the year, with five branches converted to the Demand Deposit Accounting System, bringing the total to 68. Also during the year, six branches were converted to the "On-Line" Savings System, for a total of 89 as at 31-Mar-85.

Note: A comprehensive review is published annually with extensive detail on financial operations and activities of Alberta Treasury Branches. Copies may be obtained from any of the branches or agencies, or from the address listed in Appendix C.

ADMINISTRATION

FUNCTIONS

- Provide advice and assistance to the department by establishing standards for, and by carrying out, the recruitment and selection process, the training and development function and employee relation activities.
- Administer the pay and benefits programme and the collective agreements between the government and the Alberta Union of Provincial Employees as they relate to Treasury.
- Analyse and effect position classification or reclassification requests.
- Prepare the annual departmental budget and EDP Plan and monitor expenditures throughout the year.
- Establish and maintain accounting records and procedures for the department, ensuring adequate financial control.
- Develop, evaluate and implement enhancements to the records management programme.
- Co-ordinate and assist with proposed legislative changes or recommendations, Treasury Board Directives, Authorizations and Orders in Council, etc.
- Develop, recommend and implement approved internal administrative policies and procedures within the department.
- Supply administrative support services for the department, including space management, parking, security, conference co-ordination, telecommunications, mail and courier services.
- Plan, prepare, produce and distribute publications and assist with other communication needs.
- Provide library materials, a reference service related to the departmental Official Documents and other services to support the department's informational needs.
- Provide EDP and word processing systems support to the department.
- Administer attachment of wages and salaries of government employees, pursuant to the Civil Service Garnishee Act and federal statutes.

YEAR IN REVIEW

- A major restructuring of the department's service areas amalgamated two divisions into one, while maintaining a satisfactory level of service.
- Completed development of an automated system to assist in the preparation of Treasury's annual budgets.
- Established new revenue codes and revised procedures to improve revenue control.
- Developed a revised Administrative File Classification System for implementation within all areas of Treasury to streamline file coding, retrieval and disposition and practices.
- Expanded and updated the Treasury Policies and Procedures Manual to accommodate the changing needs of the department and developed a Records Management Manual to upgrade records management practices.
- Distributed more than 36,000 copies of 20 annual or periodic publications, plus responded to a further 10,573 requests for information. Publications available are listed in Appendix C.
- Assisted a number of data processing users with the development and maintenance of projects related to personal and corporate income tax, budget preparation, inventory control, insurance records and cash management.
- Provided assistance with the analysis, acquisition and implementation of office automation equipment and facilities for 10 divisions within Treasury.
- The tables on the following page indicate personnel statistics for the fiscal year.

SYNOPSIS OF PERMANENT POSITIONS

PROGRAMME	1984-85 NEW POSITIONS	1984-85 ABOLISHMENTS	1984-85 NET TRANSFERS IN (OUT)	1984-85 PERMANENT POSITIONS	1983-84 PERMANENT POSITIONS
Provincial Treasurer's Office	—	—	—	3	3
Deputy Provincial Treasurer's Office — Management and Control	—	(1)	—	6	7
Controller's Office	—	—	(1)	2	3
Accounting	—	(2)	—	36	38
Disbursement Control	—	(2)	—	81	83
Payroll and Pensions	—	(1)	1	160	160
Pension Boards Secretariat	—	—	—	9	9
Policies and Procedures	—	(1)	(2)	16	19
Budget and Fiscal Policy					
Budget Bureau	—	(1)	—	24	25
Budget Planning and Economics	—	—	—	13	13
Tax Policy	—	—	—	8	8
Bureau of Statistics	—	(1)	—	50	51
Administration	—	(3)	(2)	42	47
Deputy Provincial Treasurer's Office — Finance and Revenue	—	—	—	6	6
Finance Programmes					
Finance Planning and Analysis	—	—	—	11	11
Corporate Management Services	—	—	—	4	4
Loans and Guarantees	—	—	—	8	8
Investment Management	—	(1)	—	27	28
Revenue					
Corporate Tax Administration	—	—	(4)	196	200
Revenue Administration	—	(1)	13 [a]	54	42
Banking and Cash Management	—	—	—	11	11
Investment Administration and Systems	—	(1)	1	19	19
Risk Management and Insurance	—	(1)	—	20	21
	—	(16)	6	806	816

[a] Includes a 6 position functional transfer in from Alberta Social Services and Community Health.

Selected Transactions During Fiscal Year 1984-85 (a)

	Hirings	Separations	Positions Classified and Reclassified
Managerial	4	6	12
Professional	16	22	29
Technical	16	22	31
Support	58	71	73
Other	—	1	—
	94	122	145

(a) Excludes Alberta Treasury Branches.

Position Establishment at 31-Mar-85 by Classification (a)

	Occupied	Vacant	Total
Managerial	180	8	188
Professional	99	10	109
Technical	114	8	122
Support	366	18	384
Other	2	1	3
	761	45	806

(a) Excludes Alberta Treasury Branches.

APPENDIX A(i)
STATEMENT OF EXPENDITURE
BY OBJECT

	For the Year Ended 31-Mar-85 (a)	31-Mar-84
	($ thousands)	
SALARIES, WAGES AND EMPLOYEE BENEFITS:		
Salaries — Permanent Positions		
Salaries — Non-Permanent Positions		
Wages		
Payments to Contract Employees		
Employer Contributions		
Allowances and Benefits		
Total Salaries, Wages and Employee Benefits		
SUPPLIES AND SERVICES:		
Travel Expenses		
Advertising		
Insurance		
Freight and Postage		
Rentals		
Telephone and Communications		
Repairs and Maintenance — Machinery and Equipment		
Contract Services Including Professional, Technical & Labour Services		
Data Processing Services		
Hosting		
Other Purchased Services		
Materials and Supplies		
Total Supplies and Services		
GRANTS:		
Grants to Individuals		
Grants to Non-Profit Organizations		
Grants to Own Funds and Agencies		
Other Grants		
Total Grants		
PURCHASE OF FIXED ASSETS:		
Purchase of Real Estate		
Purchase of Data Processing Equipment		
Purchase of Audio Visual Equipment		
Purchase of Reproduction Equipment		
Purchase of Office Equipment		
Purchase of Furniture		
Total Purchase of Fixed Assets		
OTHER:		
Payments to Members of the Legislative Assembly & Executive Council		
Pension Payments		
Interest and Bank Charges		
Revolving Funds Losses (Profits)		
Total Other		
DEPARTMENT TOTAL		
SUMMARY:		
Voted Appropriations		
Statutory Appropriations		

(a) Unaudited

APPENDIX A(ii)
STATEMENT OF EXPENDITURE BY APPROPRIATION

		1984-85 Budget Estimates	1984-85 Special Warrants and Transfers	1984-85 Total Authorized	Expenditure for the Year Ended 31-Mar-85 (a)	Expenditure for the Year Ended 31-Mar-84
	VOTED APPROPRIATIONS:			($ thousands)		
Vote 1:	DEPARTMENTAL SUPPORT SERVICES					
	Provincial Treasurer's Office	230	—	230	179	191
	Deputy Provincial Treasurers' Office	835	—	835	767	737
	Administration	1,925	—	1,925	1,689	1,840
	Total Vote 1	2,990	—	2,990	2,635	2,768
Vote 2:	STATISTICAL SERVICES					
	Bureau of Statistics	2,384	—	2,384	2,291	2,251
	Total Vote 2	2,384	—	2,384	2,291	2,251
Vote 3:	REVENUE COLLECTION AND REBATES					
	Revenue Administration	2,846	2	2,848	2,475	2,706
	Farm Fuel Distribution Allowance	75,050	—	75,050	61,589	84,487
	Remissions	1	—	1	—	—
	Compensation to Bulk Dealers	125	—	125	228	111
	Commissions to Agents	510	—	510	384	485
	Compensation to Agent Dealers	110	—	110	89	12
	Corporate Tax Administration	11,812	(2)	11,810	10,319	9,478
	Total Vote 3	90,454	—	90,454	75,084	97,279
Vote 4:	FINANCIAL MANAGEMENT, PLANNING AND CENTRAL SERVICES					
	Controller	194	—	194	143	213
	Policies and Procedures	882	(128)	754	659	783
	Accounting	2,095	—	2,095	1,878	2,262
	Payroll and Pensions	8,742	—	8,742	7,904	8,279
	Disbursement Control	7,815	(172)	7,643	6,448	5,871
	Pension Boards Secretariat	483	—	483	439	415
	Budget Bureau	1,238	—	1,238	1,186	1,084
	Budget Planning and Economics	782	—	782	713	725
	Tax Policy	477	33	510	468	363
	Corporate Management Services	239	—	239	98	262
	Investment Management	2,170	—	2,170	1,812	1,653
	Investment Administration and Systems	2,282	—	2,282	1,994	1,860
	Loans and Guarantees	488	—	488	381	381
	Finance Planning and Analysis	590	—	590	545	511
	Banking and Cash Management	484	—	484	419	485
	Risk Management and Insurance	3,482	—	3,482	3,070	4,259
	Securities Administration	307	(23)	284	142	307
	Workers' Compensation — Government Employees	4,400	308	4,708	4,488	4,284
	Retirement Annuities & Gratuities	12	—	12	9	8
	Total Vote 4	37,132	—	37,132	32,576	33,996
		133,960	—	133,960	112,586	133,523
	STATUTORY APPROPRIATIONS:					
	Treasury Revolving Fund	—	—	—	11	—
	Land Purchase Revolving Fund	48,400	—	—	34,564	52,796
	Blind Workers' Compensation Act	3	—	—	3	3
	Corporate Tax Refund Interest	6,000	—	—	4,078	6,000
	Debt Servicing	118,000	—	—	94,000	100,000
	Retirement Annuities Act	12	—	—	12	12
		324,475	—	—	245,254	292,334
	DEPARTMENT TOTAL	57,484	—	133,960	112,586	133,523

(a) Unaudited

APPENDIX A(iii)
HOLDINGS OF INVESTMENT PORTFOLIOS MANAGED BY ALBERTA TREASURY AT 31-MAR-85 IN $ MILLIONS
(Preliminary Actuals)

			ALBERTA HERITAGE TRUST FUND (a)			
	GENERAL REVENUE FUND	PENSION FUND	SECTION 10	CANADA INVESTMENT DIVISION	ALBERTA INVESTMENT DIVISION	ENERGY INVESTMENT DIVISION
Deposits in the Consolidated Cash Investment Trust Fund	142	109	77	—	—	—
Money Market Securities	678	1,481	1,113	—	588	—
Bonds and Debentures:						
Alberta, direct and guaranteed	288	71	8	—	1,488	—
Others	295	1,293	169	1,870	1,488	18
Equities	30	830	—	—	3,176	—
Mortgages and Real Estate Funds	11	112	—	—	—	—
Total Investments	1,204	2,506	1,367	1,870	6,168	18

(a) Excludes Capital Projects Division
(b) Excludes long-term investments managed by Treasury Branches Deposits Fund
(c) Includes Province of Alberta partipation in Syncrude Project

COMMERCIAL INVESTMENT DIVISION	AMFC SINKING FUND	TREASURY BRANCHES DEPOSITS FUND (b)	WORKERS' COMPNSTN BOARD — LONG TERM ACCOUNT	ALBERTA HERITAGE SCHOLARSHIP FUND	ALBERTA HERITAGE FOUNDATION FOR MEDICAL RESEARCH ENDOWMENT FUND	OTHER PORTFOLIOS
—	86	—	81	11	31	732
4	84	650	87	13	39	18
—	145	—	18	—	—	60
14	645	6	648	82	291	134
197	—	—	157	14	42	1
—	3	—	60	8	18	—
201	963	656	1,051	128	421	945

APPENDIX B

ACTS ADMINISTERED BY ALBERTA TREASURY

AS AT 31-MAR-85

Alberta Corporate Income Tax Act
Alberta Energy Company Act
Alberta Heritage Savings Trust Fund Act
Alberta Income Tax Act
Alberta Loan Acts
Alberta Municipal Financing Corporation Act
Appropriation Acts
Chartered Accountants Act
Civil Service Garnishee Act
Financial Administration Act
Fuel Oil Administration Act
Government Emergency Guarantee Act
Government Land Purchases Act
Insurance Corporations Tax Act
Local Authorities Pension Act
M.L.A. Pension Act
Municipal Debentures Act
Municipal Land Loans Act
Pari Mutuel Tax Act
Pension Fund Act
Public Service Administrative Transfers Act
Public Service Management Pension Act
Public Service Pension Act
Special Forces Pension Act
Statistics Bureau Act
Tobacco Tax Act
Treasury Branches Act
Universities Academic Pension Act
Utility Companies Income Tax Rebates Act

APPENDIX C

PUBLICATIONS AVAILABLE FROM ALBERTA TREASURY

Many branches and divisions of Alberta Treasury publish information about their programmes and operations. The following publications are available from:

•i Support Services and Publications, Rm. 302, Terrace Building (9515 - 107 Street, Edmonton, T5K 2C3) or by calling 427-9957:

Alberta Treasury Annual Report
Alberta Budget Documents
  Budget Highlights
  Budget Address
  Government Estimates
  Legislative Assembly Estimates
  Supplementary Information — Element Details
  Programme Structure Chart
Public Accounts — Volumes I, II and Supplement
Financial Summary and Budgetary Review
Alberta Heritage Savings Trust Fund Annual Report
Alberta Heritage Savings Trust Fund Quarterly Reports
Alberta Heritage Savings Trust Fund Estimates
Alberta Municipal Financing Corporation Annual Report
Organization of the Government of Alberta

•ii The Alberta Bureau of Statistics, Information Services at the Sir Frederick W. Haultain Building (9811 - 109 Street, Edmonton, T5K OC8) or by calling 427-3058.

TITLE	FREQUENCY
Alberta Quarterly Population Growth	Quarterly
Alberta Statistical Review	Quarterly
Alberta Fact Sheet	Annual
Alberta Pay and Benefits	Annual
Place-to-Place Price Comparisons for Selected Alberta Communities	Annual
Alberta Retail and Service Trade Statistics	Annual
Alberta Principal Manufacturing Statistics	Annual
Alberta Economic Accounts	Annual
Alberta Income Statistics	Annual
Alberta Census Division Population Projections	Occasional
Alberta Population Projections	Occasional
Alberta Provincial Electoral Districts Profiles	Occasional
Alberta Municipal Census Enumerators' Manual	Occasional
The Input-Output Structure of the Alberta Economy	Occasional
Economic Multipliers for Alberta Industries and Commodities	Occasional
ASIST Statistical Information Series Directory	Occasional
ASIST Users' Manual	Occasional
Alberta Bureau of Statistics Users' Guide	Occasional
NEWSTATS	Periodic

•iii Tax Information Services section of Corporate Tax Administration at the Sir Frederick W. Haultain Building (9811 - 109 Street, Edmonton, T5K 2L5) or by calling 427-0712.

TITLE	FREQUENCY
Tax Notes	Occasional
Information Circulars	Occasional
Interpretation Bulletins	Occasional
Tax forms and guides to their completion	Occasional

•iv In addition, the Alberta Treasury Branches' Annual Review is available from the Head Office at the Ninth Street Building (9925 -109 Street, Edmonton, T5J 2N6) or by calling 427-2721.

APPENDIX D

EXECUTIVE OF THE DEPARTMENT

AS AT 31-MAR-85

Provincial Treasurer	Hon. Lou Hyndman
Superintendent, Treasury Branches	R. O. Holgate
Deputy Provincial Treasurer, Management and Control	A. D. O'Brien
Controller	A. G. Heisler
Accounting	R. A. G. Lowen
Disbursement Control	T. W. Burns
EDP Systems Support	F. Hartmann
Payroll and Pensions	E. J. Wilcox
Pension Boards Secretariat	J. E. Faries
Policies and Procedures	M. H. Mylod
Assistant Deputy Provincial Treasurer, Budget and Fiscal Policy	G. L. Duncan
Budget Bureau	G. G. Trogen
Budget Planning and Economics	L. G. Morrison
Tax Policy	L. H. Landry
Bureau of Statistics	H. W. Ford
Administration	M. D. Faulkner
Deputy Provincial Treasurer, Finance and Revenue	A. J. McPherson
Assistant Deputy Provincial Treasurer, Finance Programmes	J. M. Drinkwater
Finance Planning and Analysis	J. A. Zatko
Corporate Management Services	H. H. Strohbach
Loans and Guarantees	G. H. Kinsman
Chief Investment Officer	S. J. Susinski
Investment Management	R. C. Kamp
Assistant Deputy Provincial Treasurer, Revenue	A. H. Kalke
Executive Director, Corporate Tax Administration	J. D. Peters
Audit	C. J. Calarco
Interpretations and Appeals	J. R. Allan
Operations	L. M. L. Rokosh
Systems	J. W. K. Parton
Tax Information Services	C. J. Ward
Revenue Administration	L. Huisman
Banking and Cash Management	D. R. Bishop
Investment Administration and Systems	J. Parihar
Risk Management and Insurance	D. Murray